



MAINE STEP-UP PROGRAM AGREEMENT

Commitment Track

Lyman Morse

PURPOSE

The greatest challenge of the 21st century will be using earth's resources in sustainable ways to meet human needs. Through its own natural cycles, the earth provides clean water and air, fertile soils, and a myriad of plants and animals, all of which are essential to sustain life. We must find ways of producing products and providing services that model nature's cyclical design and sustain its productive capacities. In fact, where we can we must restore those capacities diminished by past misuse.

Environmental regulatory programs of the last 30 years have done much to clean and protect our waters, air and land. Now, new approaches to environmental protection are needed if continuous improvements are to be realized.

The Maine Department of Environmental Protection and Lyman Morse

have agreed to explore new ways of protecting the environment that go beyond regulatory compliance. Lyman Morse commits to continuously improve its business practices to protect people and the environment. Lyman Morse will publicly report on its progress to inspire other businesses to seek improvement in their own environmental performance.

The Maine Department of Environmental Protection commits to vigorously assist Lyman Morse on its “climb up the mountain”—accepting the challenge—to find environmentally sustainable ways of doing business. The Goals toward Sustainability described in Section III. B. of this agreement are for the “Pathways” described in the “Climbing the Mountain” diagram found in the Department’s A Guide for Your Business: Smart Production and the Maine STEP-UP Program.

INTRODUCTION

Lyman Morse is a custom boat building yard on the coast of Maine with a distinguished history. For over a century, as the Morse Boatbuilding yard, graceful Alden Malabar Schooners and sturdy Friendship sloops slid down the ways at the facility located in Thomaston. In 1978, the boat building company was sold to Cabot Lyman who then formed Lyman Morse, which then expanded its focus to produce a variety of exceptional custom sailing yachts and custom motor yachts for world class navel architects and discriminating owners. Lyman Morse has developed a 200-year tradition of shipbuilding, fine craftsmanship, individualism, and pride to the area. Of the 100 workers at the yard, most have made a lifetime career of fine boat building and are third, fourth, and fifth generation shipwrights and custom boat builders.

Lyman Morse commits to the Maine Department of Environmental Protection (DEP) to strive toward sustainability goals for its business with the assistance of the DEP. DEP will provide technical services and recognition for achievements made by Lyman Morse under this Agreement during its three-year period. The DEP will assign a senior staff person to work with Lyman Morse during the design and implementation of the agreement.

2. PERFORMANCE COMMITMENTS

A. Environmental Business Commitment Practices

1. Compliance Status

- a) Lyman Morse has programs in place to maintain compliance with the conditions of all of its permits and licenses and applicable regulations. These programs include periodic inspections and corrective actions as necessary.
- b) Lyman Morse holds a variety of environmental licenses/permits/identification numbers from the USEPA/Maine DEP for its Thomaston facility including EPA hazardous waste generator identification # MED019075662, Maine #0000214 hl an (treatment and beneficial reuse permit, Acetone Recycling Unit), Maine MER05A066 (Storm Water Permit), and MER05A065 (Storm Water Permit). NRPA #L-21550-4E-A-N: new travel ways to support 110-ton marine travel lift, NRPA #L-21550-4E-B-M: modification to above to include boat wash pit and outfall, Solid Waste #L-22189-W7-E-S: beneficial use of dredge materials (issued by SW but associated with travel way construction)

Lyman Morse's Tenants Harbor, Saint George facility which is currently under new construction holds the following licenses/permits/identification numbers including NRPA Permit-by-Rule #336461: activities adjacent to coastal wetland-reconstruction of existing building an outfall pipe NRPA #L-22221-4E-A-N (pending): replacement of existing marine railway with concrete boat ramp

2. Environmental Management System Pathway to Sustainability

- a) Lyman Morse will consolidate all its stand-alone environmental practices into an Environmental Management System (EMS) to address the impacts of its operations by December 2006.

- b) The Lyman Morse EMS will be modeled after the standards outlined in the ISO 14001 standards.
- c) Lyman Morse will seek third-party verification of the EMS by December 2008. A qualified professional, as agreed upon by Lyman Morse and DEP, shall conduct the review utilizing the ISO 14001 standards. If the EMS is not verified as meeting the standard, Lyman Morse shall develop and implement a corrective action plan within the following 12 months.

Workers & Community Pathway to Sustainability

- a) Lyman Morse has an active environmental education program for employees. This program includes: 1) general awareness training at employee orientation on topics of P2, toxics use and reduction, and the mercury reduction and elimination plan; 2) specific training on hazardous waste management; 3) training on the implementation of the EMS; and the implementation of the EMS will be included into each employees job description.
- b) Lyman Morse actively involves employees throughout the organization by encouraging committee participation and by solicitation of input, feedback and suggestions.
- c) Lyman Morse will conduct annual community meetings in Thomaston with local residents, and business and town leaders to discuss environmental projects and to provide a forum for providing input and feedback. Also, the Lyman Morse web site will be used as an avenue to solicit community feedback and interest in Lyman Morse activities.

B. Goals toward Sustainability

1. Energy Pathway to Sustainability

The energy goal for Lyman Morse is to increase efficiencies in the heating of our buildings via 1) more efficient and updated heating systems, with also 2) better insulation factors and 3) increased air filtration and re-use

instead of exhausting the air out of the buildings.

2. Solid Waste Pathway to Sustainability

Lyman Morse intends to reduce the amount of solid waste that is shipped off site on an annual basis. Lyman Morse will focus on overall waste reduction throughout its operations.

3. Toxics Pathway to Sustainability

- a. Lyman Morse will continue to seek the reduction of toxics used and released.
- b. Lyman Morse will seek to reduce hazardous waste generated and shipped offsite for disposal.

C. Performance Measurement Methods

1. Energy

Lyman Morse uses hot air furnaces, and hot water boilers to heat their buildings. Lyman Morse commits to reduce fuel consumption and associated emissions by December 2005. The goal of Lyman Morse is to increase the heating efficiencies of our buildings and dollars saved by 20% from a baseline of 2003. Lyman Morse will work with the Maine DEP to develop and to refine a metric that assess the economic and environmental impact of the heating of our buildings. Lyman Morse will explore possible ways to achieve this goal including evaluation of new and improved heating systems and air filtration along with possibly better insulation. Metric will capture fuel use reduction and emission reduction on an as per building of business activity basis. Reduction numbers will be applied to the Governors Carbon Challenge Program.

2. Solid Waste

Lyman Morse's goal is to reduce solid waste 10 % by 2008 using a baseline of 2005.

3. Toxics/Hazardous Waste Reduction

- a) Lyman Morse's goal is to reduce Toxic Use 20 % by 2008 using a baseline of 2004. Note, Lyman Morse has

reduced its Toxics used, from a baseline of 1999, by 27 % in the Toxics and Hazardous Waste Reduction Program (THWRP), therefore the total use reduction goal for 2005 utilizing a base year of 1999 would total 47 %. Lyman Morse's goal is to reduce Toxic Release 20 % by 2008 using a baseline of 2004. Note, Lyman Morse has reduced its Toxics released from a baseline of 1999 by 54 % in the Toxics and Hazardous Waste Reduction Program (THWRP), therefore the total release reduction goal for 2008 utilizing a base year of 1999 would total 74 %. Lyman Morse commits to finding environmentally preferable substitutes and to designing an inventory program that favors the purchase of environmentally preferable products by January 2008. Lyman Morse will share this information with the Department and other boat builders in Maine by June 2008.

- b) Lyman Morse utilizes a variety of chemicals and materials, in manufacturing boats that at the end of their useful life become hazardous waste. Lyman Morse will seek a 15 % reduction in hazardous waste generation by January 2008, utilizing baseline data from 2004. Note, Lyman Morse has reduced its Hazardous Waste generated from a baseline of 1999 by 42 % in the Toxics and Hazardous Waste Reduction Program (THWRP), therefore the total hazardous waste generation reduction goal for 2008 utilizing a base year of 1999 would total 57 %. Lyman Morse will seek to achieve this goal through product substitution and process changes.

D. Relationship

Lyman Morse will work closely with DEP to achieve its sustainability goals by identifying specific regulatory issues that stand in the way of achieving goals and work to find mutually agreeable solutions. Specifically:

1. DEP's STEP-UP Program Contact will attend regularly scheduled company meetings to discuss progress towards goals and ways to resolve impediments, and will participate in community meetings, as requested.
2. DEP will work with Lyman Morse to consolidate multiple

state reports into a common schedule.

3. Lyman Morse will meet regularly, but at least semi-annually, with DEP to report progress and discuss impediments or other relevant issues. Lyman Morse also agrees to meet with other STEP-UP participants for round table discussions on a schedule, not more than semi-annually, to be determined by the DEP.
4. DEP will provide technical assistance to Lyman Morse, as it develops its EMS and for calculating reductions for the Governors Carbon Challenge Program.
5. Maine DEP will make staff available to Lyman Morse for technical and regulatory assistance. This assistance will be provided consistent with existing State law and agency policy. Maine DEP expects to forego civil penalties for certain types of first-time violations discovered in the process of providing assistance or disclosed as a result of compliance audits performed by Lyman Morse when Lyman Morse corrects the non-compliant condition within the shortest practicable time period, and in all cases within 90-days of discovery. Violations excluded from this provision are those listed in Maine DEP's Small Business Compliance Incentives Policy, Section III (as amended February 14, 1996) and its Supplemental Environmental Projects Policy, Section V (as amended June 15, 2000). Regular or necessary compliance inspections performed as part of day-to-day business at Maine DEP are not subject to these provisions.

E. Recognition

DEP will recognize Lyman Morse participation in the STEP-UP Program by including specific information on the *Smart Production and STEP-UP Web Pages* maintained by the State, and in press releases from time-to-time to keep the general public informed of Lyman Morse status in the STEP-UP Program. Lyman Morse will also receive a Governor's Award for Environmental Excellence without the need for application when any *Sustainability Goal* detailed in this agreement is achieved during the Governors Awards for Environmental Excellence. The Department does require the STEP-UP facility to notify the Office of Innovation and Assistance of it's goal achievement during the Governor's Awards application timeframe.

3. Reporting

Lyman Morse will forward biannual progress reports to the DEP, beginning June 1, 2005 citing accomplishments toward sustainability goals and identifying any need to adjust goals. The report will also assess the effectiveness of the working relationship between DEP and Lyman Morse and recommend changes that might be needed.

4. Termination

Either party to this Agreement may terminate the participation of Lyman Morse in the STEP-UP Program with 30-days notice to the other party.

WITNESS here today, March 7, 2005, that the undersigned parties enter into this agreement.

John Baldacci, Governor State of Maine

Steve Tofield, Lyman-Morse Boatbuilding Co., Inc.